



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/7/2000

GAIN Report #HR0012

Croatia

Agricultural Situation

Situation and Outlook

2000

Approved by:

Allan Mustard

U.S. Embassy Vienna

Prepared by:

Slaven Aljinovi**f**

Report Highlights:

Croatian agricultural production in 2000 will suffer the effects of an exceptional drought. Agricultural producers continue to face payment delays for products delivered. Agricultural trade is expected to face some near-term adjustments due to accession to the World Trade Organization, but will benefit in the longer term from improved access to external markets.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], HR

Table of Contents

Situation and Outlook for the Economic Sector	3
Table 1. Major Macroeconomic Indicators	3
Situation and Outlook for the Agricultural Sector	4
Table 2. Area Sown by Crop Group (hectares)	4
Table 3. Chain Indices of Agricultural Production	5
Crop Production	6
Cereal Production	6
Table 4. Cereal Production (Production, Yield, Harvested Area)	7
Oilseed Crops	7
Table 5. Oil Crop Production (Production, Yield, Harvested Area)	8
Industrial Crops	9
Table 6. Industrial Crop Production (Harvested Area, Production, Yield)	10
Fruit Production	10
Table 7. Fruit Production (Bearing Trees, Production)	10
Viticulture and Viniculture	11
Table 8. Grape & Wine Production	11
Olive Production	12
Table 9. Olive Production (Total Trees, Yield, Production)	12
Vegetable Production	12
Table 10. Production of Major Vegetables (Harvested Area, Production)	13
Table 11. Other Vegetable Production (metric tons)	13
Livestock Production	13
Cattle and Swine	13
Table 12. Raw Milk Production (million liters)	14
Sheep and Goats	14
Poultry	15
Table 13. Livestock Inventories (head)	15
Fisheries	15
Table 14. Marine Fish Catch (metric tons)	16
Freshwater Fish	16
Table 15. Freshwater Fish Catch (metric tons)	16
Agricultural Policy	17
Tariffs	17
Incentives and Subsidies	17
Table 16. Incentives and Subsidies (HRK)	17
Table 17. Incentives 1999-2000	18
Floor Prices	18
Table 18. Floor Price Regime	19

Agricultural Inputs	19
Seed	19
Table 19. Import of Planting Material	19
Agricultural Chemicals	20
Fertilizer	20
Agricultural Machinery	20
Food and Beverage Processing Industry	21
Table 20. Indices of Production in 1999/1998	21
Table 21. Manufacture of Food Products, Beverages and Tobacco Products	21
Agricultural Trade	22
Table 22. Agricultural Trade (in dollars)	22
Table 23. Croatian Agricultural Imports and Exports to the EU (million dollars)	23
Table 24. Croatian/U.S. Agricultural Trade (dollars)	23

Situation and Outlook for the Economic Sector

The structure of the Croatian economy is fairly similar to that of developed Western economies, with services accounting for 55% of the GDP, industry and mining for about 20% and agriculture 10.5%. Most industry is situated in the Zagreb, Rijeka, Osijek and Split areas. Prime agricultural areas are mostly situated in Eastern Croatia (Slavonia and Baranya regions), while Istria and Dalmatia are centers of the important tourist industry.

Following troublesome signs of an economic crisis in 1998, Croatia during 1999 faced an escalation of the crisis, bringing the country in 2000 to the verge of collapse. A growing current account deficit, growing insolvency pressure (\$2.26 billion as of January 1999), the skimming of hundreds of millions of dollars through “tycoonisation,” money laundering within the privatization schemes, poor supervision of the banking sector, low level of foreign direct investment, a large trade deficit, a growing level of unemployment, and rapid growth of foreign debt were among the ills bedeviling the overall Croatian economy.

Following elections in December 1999, Croatia installed a new, 6-party coalition government on January 3, 2000. Since coming to power, the new government has striven to make up for lost time and opportunities. As a precondition for any economic recovery the government has

Table 1. Major Macroeconomic Indicators

	Units	1997	1998	1999 (E)	2000 (F)
GDP	Billion U.S. dollars	19.32	21.75	20.10	20.46
Real GDP Growth	%	6.5	2.5	-1.3	2.5
GDP per capita	\$US	4,255	4,729	4,375	4,345
Population	million	4.57	4.5	4.5	4.5
Inflation	% (CPI,average)	3.6	5.7	4.2	6
Exchange Rate HRK/US\$, end of year	Croatian kuna	6.30	6.25	7.65	8.19
Unemployment Rate	(End Year,%)	17.6	18.6	20.5	22.0
Exports	Billion U.S. dollars	4.21	4.6	4.3	4.4
Imports	Billion U.S. dollars	9.43	8.8	8.0	8.5
Trade Balance	Billion U.S. dollars	-5.22	-4.2	-3.7	-4.4
Current Account Balance	% GDP	-11.6	-7.1	-7.7	-7.4
CNB International Reserves (End Year)	Billion U.S. dollars	2.54	2.81	3.02	N/A
Foreign Debt	Billion U.S. dollars	6.66	8.49	9.12	10.0
Foreign Debt/GDP	%	34.5	39.0	44.3	43.9

Sources: Ministry of Finance, Croatian National Bank, Croatian Statistical Bureau

E- Estimate; F - Forecast 1999 (Independent analysts)

embarked on a campaign to stabilize Croatia's political relations with neighboring countries, the European Union, and the United States. Following this, the government concentrated on moves that would help the recovery of the stalled economy, such as achieving WTO membership.

However, the economic crisis still has to be stemmed. The crucial factors for achieving this will be the ability of the government to cut the rate of public expenditures, increase the level of foreign direct investment, achieve significant growth of tourist industry income, continue the positive developments regarding European integration (membership in the Central European Free Trade Agreement and the European Union), reschedule parts of the foreign debt, provide support for export-oriented industries, and sell off public companies such as Croatian Telecom and INA, the national petroleum company.

Situation and Outlook for the Agricultural Sector

The Republic of Croatia is situated in Southeastern Europe, with a total land area of 56,538 km². Agriculture is a significant component of the Croatian economy, accounting for about 10.5 % of Croatia's GDP, while the food processing industry covers about 7.5%.

Croatian agricultural production is characterized by three distinct environmental regions: Pannonia, the Central Mountainous Zone and the Mediterranean zone. The Pannonian lowlands lie between the Drava and Sava rivers, and constitute the agricultural heartland of Croatia. The Central Mountainous Zone is dominated by the Karst Dinaric Alp mountain system, and is traditionally oriented towards livestock production. The Mediterranean zone follows the Adriatic coast and is characterized by a mild climate favorable for subtropical fruit and early vegetable production.

In total there are 3,181,107 hectares of agricultural land in Croatia, comprising 2,020,626 ha of arable land and 1,130,510 ha of pastures. Lakes, marshlands and fishponds account for a further 29,971 ha. The arable land consists of 1,458,216 ha of cultivated land and gardens, 60,146 ha of vineyards, 68,667 ha of orchards and 433,597 ha of meadows. At 0.42 ha per capita, the area of cultivable land exceeds the average for Western Europe.

Table 2. Area Sown by Crop Group (hectares)

Crop	1990	1997	1998	1999
Total sown	1,327,000	952,000	1,056,649	1,029,558
Cereals	914,000	642,414	695,059	629,028
Industrial Crops	106,000	71,325	112,240	140,648
Vegetables	135,000	115,899	128,036	134,451
Forages	172,000	122,549	121,314	123,465

Source: State Statistical Bureau

The agricultural sector of the Republic of Croatia has two parallel production systems: private family farms, and large ex-social sector enterprises (*agrokombinats*), that often combine production,

processing and trade activities. However, private farms constitute the core of the agricultural sector of the Republic of Croatia, since they include 80% of the arable land and livestock fund, 90% of the total number of tractors, and account for 90% of the total workforce in agriculture. Generally farms are small (average 3 hectares) and fragmented (about 8 plots). They lack modern management practices and equipment, and have lower yields due to significantly lower use of agricultural inputs compared to ex-State owned farms.

The previous socialist economic system gave preference to the self-management of socially owned agricultural enterprises (*agrokombinats*). Today it is estimated that about 40 *agrokombinats* still exist. *Agrokombinats* face low profitability, excess capacity, over-employment, old debts and difficulties in adapting to market conditions. However, the biggest *agrokombinats* in eastern Croatia (Slavonia and Baranya) are still majority state-owned. Only with new management policies, organizational structure, and investments can they become profitable businesses.

The data on Croatia's 1999 agricultural sector production growth will be available in sometime in Autumn 2000.

Table 3. Chain Indices of Agricultural Production

<i>in percent</i>	1994/1993	1995/1994	1996/1995	1997/1996	1998/1997
Agriculture Total	97	101	102	104	110
Field Crops	100	108	101	108	112
Livestock Production	98	93	99	103	108

Source: State Statistical Bureau

Even though the government in 1999 increased its support for agriculture, the farmers had ever growing problems regarding the payment of their subsidies and floor prices for goods delivered to the food industry. In Spring 1999 the government/industry debts to farmers were about HRK 200 million; by Spring 2000 the debts to farmers reached about HRK 350 million. Besides, the government policies regarding the floor price to be paid were in the main adopted too late, or the floor prices were regarded as too low, to influence production decisions. After negotiations with the government on a number of issues foundered, the farmers organized themselves into two Farmers Unions. Their first concrete action was to organize massive road blocks during June 1999, in order to pressure the government to start negotiating more seriously about the wheat floor price. Since then, this mechanism of possible road blocks has prompted the government to negotiate with farmer representatives much more straightforwardly.

Besides farmers, the growing economic crisis has also seriously hurt the food industry, which expressed a 7% drop in total volume of production compared to 1998. The non-payments cycle led to imposition of liens on over 20,000 bank accounts in 1999, which effectively froze bank payments with the food processing and food wholesaling industries, among many others. As a result firms resorted to debt swapping, assignment of accounts receivable, and similar below-board mechanisms to circumvent the liens (and thus the banks) and keep their businesses alive.

Another important development regarding the food industry and farmers is the expectation of WTO membership by Autumn 2000. It is widely believed that the great majority of farmers and the food manufacturing industry are not well prepared to face the challenge of fierce foreign competition. The government has not implemented much of the "Strategy for Development of Agriculture" approved by Parliament in 1995. Thus all the basic problems of Croatian agriculture, which were identified in this document, still need to be resolved. Since coming to power the new government has tried to address the most burning issues regarding agricultural production and processing. However, it is questionable how efficiently the government can resolve agriculture's and agribusiness's problems, given that the rest of the economy is in severe difficulty.

Aside from the numerous problems tied to the overall economic situation, farmers during Spring and Summer 2000 are suffering from a prolonged, severe drought which will significantly decrease yields of grains and oilseed crops, as well as vegetable and grape production.

Crop Production

Cereal Production

Corn is the most important cereal crop grown throughout Croatia, and is planted on about 30% of the total arable land

The 1999 corn production was 2,135,000 mt harvested from 384,000 hectares. Annual corn disappearance is estimated to be 1.7-1.9 million mt, of which 70% is used for animal feed. The main factor affecting the Croatian corn market is the fact that since 1991 livestock inventories have decreased by about 40%, and traditional markets in ex-Yugoslavia were lost.

In 2000, as part of its new support policy, the government decided to introduce a subsidy of HRK 800/hectare. The government hopes this measure will provide cheaper feed inputs needed to support the revitalization of the livestock sector. However, mainly due to the fact that farmers are short of cash, corn was sown on only about 355,000 hectares, which is a slight decrease compared to 1999.

Wheat is the second most important grain, covering about 20% of the arable land, with production centered in the Panonnian lowlands. In 1999, 558,217 mt from 169,280 hectares was produced, which is the lowest production in decades. This is mainly due to the late announcement by the Ministry of Agriculture and Forestry of support policies, which resulted in farmers being hesitant to go into wheat production. Croatian annual consumption is estimated at 800,000-900,000 mt (600,000 mt industry, 50,000 mt seed, 180,000-200,000 mt farmers' on-farm use.)

The 2000 wheat harvest is expected to reach about 800,000 - 850,000 mt from about 220,000 hectares. Due to the prolonged drought, the wheat harvest is expected to be circa 15% lower than expected. The government has structured a two-tier floor price: for legal persons (i.e., corporate owners) the floor price will be HRK 0.75, while for physical persons (small farmers) it will be HRK 0.92.

Barley production in 1999 totaled 125,000 mt from 45,000 hectares with an average yield of 3.35 mt/ha. The total Croatian barley market is estimated at 125,000-140,000 mt, of which about 65% is farmers' on-farm use, mixed feed industry 15%, malting industry 10% and other industry 10%. However, in coming years it is expected that production of malting barley will significantly increase, since the Belgium company Boormalt has started to build a new malt producing facility with capacity of 50,000 mt per year in Western Slavonia.

In 2000 it is expected barley production will be about 137,000 mt from 49,000 hectares.

Rye and oats are considered to be cereals of minor importance and are produced mainly on family farms in the Central Mountainous Zone, on poor mountainous soils.

In 1999 56,823 mt of oats was produced on 24,124 hectares, and 6,246 mt of rye was produced from 2,446 hectares.

Table 4. Cereal Production (Production, Yield, Harvested Area)

Crop	1990	1997	1998	1999	2000 (F)
Corn	503,000 ha 1,950,011 mt 3.87 mt/ha	371,000 ha 2,183,144 mt 5.88 mt/ha	295,000 ha 1,770,000 mt 6.0 mt/ha	384,000 ha 2,135,000 mt 5.6 mt/ha	351,000 ha 2,240,000 mt 6.4 mt/ha
Wheat	319,000 ha 1,602,435 mt 5.02 mt/ha	208,377 ha 833,508 mt 4.00 mt/ha	241,734 ha 1,020,450 mt 4.21 mt/ha	169,280 ha 558,217 mt 3.30 mt/ha	850,000 mt 220,000 3.86 mt/ha
Barley	52,000 ha 196,554 mt 3.81 mt/ha	33,759 ha 108,496 mt 3.21 mt/ha	42,737 ha 143,510 mt 3.35 mt/ha	44,517 ha 124,890 mt 2.81 mt/ha	49,000 ha 137,000 2.8 mt/ha
Rye	5,962 ha 15,840 mt 2.66 mt/ha	1,959 ha 5,009 mt 2.55 mt/ha	2,146 ha 5,530 mt 2.57 mt/ha	2,446 ha 6,246 mt 2.55 mt/ha	N/A
Oats	25,000 ha 62,287 mt 2.44 mt/ha	18,142 ha 46,796 mt 2.57 mt/ha	21,669 ha 56,110 mt 2.58 mt/ha	24,124 ha 56,823 mt 2.36 mt/ha	N/A

Source: 1999 and earlier: State Statistical Bureau; for 2000: Unofficial Forecast

Oilseed Crops

Rapeseed production in 1999 was 32,581 mt from 16,234 hectares. The government in 1999 supported rapeseed production through a floor-price regime of HRK 1.7/kg and incentive of HRK 1,100/hectare. The preliminary data for 2000 indicate 35,200 should be produced from 16,000 hectares. In 2000, the government is supporting rapeseed production with a floor price of HRK 1.54/kg and incentive of HRK 1,485/hectare.

Sunflower production in 1999 was 72,000 mt from 32,000 hectares. In the structure planted to

oilseeds, the sunflower share is about 37%, and the main production area is Eastern Slavonia. The government in 1999 supported sunflower production through a floor price of HRK1.8/kg and incentive of HRK1,270/hectare.

The increase of sunflower production in recent years, as with other oil crops, is the result of strong government policy support, resulting in the major oil crushers offering good conditions for contract production.

In 2000, about 29,000 hectares of sunflower have been sown, with production expected to reach about 58,000 mt. However, due to the prolonged drought, sunflower production may be significantly lower if favorable rains do not fall during the vegetative season. In 2000, the government is supporting sunflower production with a floor price of HRK1.61/kg and incentive of HRK1,714/hectare.

Soybean production in 1999 was 116,000 mt, from 40,000 hectares. In the structure of area planted to oilseeds, the soybean share is about 42.2%, with production, as with sunflower, being centered in Eastern Slavonia.

The increase of soybean production during recent years follows the pattern of other oilcrops, with farmers viewing it as a relatively safe and profitable crop, due to large scale contracting by the only soybean processor (Agrokor), and the government providing an acceptable floor price of HRK1.7/kg, coupled with an incentive of HRK1,170/hectare.

In 2000, about 45,000 hectares were sown, and production was expected to reach 100,000 mt. However, due to drought and use of non-certified seed, soybean yields may be significantly lower than expected. In 2000, the government is supporting soybean production with a floor price of HRK1.53/kg and incentive of HRK1,579/hectare.

As Croatian soybeans are grown from non-genetically modified seed, they enjoy demand as an identity preserved crop in Europe and can be sold at a premium to processors demanding conventionally bred soybeans.

Table 5. Oil Crop Production (Production, Yield, Harvested Area)

Crop	1990	1997	1998	1999	2000 (F)
Soybean	27,250 ha	16,030 ha	36,000 ha	40,000 ha	45,000 ha
	55,461 mt	39,469 mt	83,000 mt	116,000 mt	100,000 mt
	2.03 mt/ha	2,46 mt/ha	2,3 mt/ha	2.9 mt/ha	2,2 mt/ha
Rapeseed	12,647 ha	5,356 ha	8,949 ha	16,234 ha	16,000 ha
	33,200 mt	11,181 mt	21,967 mt	32,581 mt	35,000 mt
	2.63 mt/ha	2.08 mt/ha	2.45 mt/ha	2.01 mt/ha	2.2 mt/ha
Sunflower	20,971 ha	16,946 ha	30,000 ha	32,000 ha	29,000 ha
	52,982mt	36,138 mt	73,000 mt	72,000 mt	58,000 mt
	2.53 mt/ha	2.13 mt/ha	2.4 mt/ha	2.3 mt/ha	2.0 mt/ha

Source: 1999 and earlier: State Statistical Bureau, 2000: Unofficial Forecast

Industrial Crops

Tobacco production in 1999 was 11,000 mt from 8,000 hectares with an average yield of 1.5 mt/ha. The government in 1999 supported tobacco production through a floor price of HRK8.00/kg dry leaf basis.

Tobacco production is centered in the Podravina region (Drava River basin), and in the Kutjevo region of central Slavonia.

Virginia tobacco predominates even though flavored burley tobacco is slowly spreading. As a result, Croatian tobacco processors regularly import burley tobacco for blending, mainly from Malawi and Zimbabwe.

The main development in 1999/2000 that may influence the future of tobacco production and processing is the investment by British American Tobacco to buy Zadar Tobacco Plant. As a result, a so-called Tobacco War erupted between BAT and the Rovinj Tobacco Plant, which owns or controls all other tobacco processing facilities in Croatia, and which tried to stop this BAT investment. However, due to the new policies of the government regarding foreign direct investment, BAT has successfully started its production in Zadar.

Tobacco production in 2000 is expected to remain at the same level. The reasons are that the current production covers the Croatian needs, as well as that tobacco product imports are likely to increase with Croatian WTO membership.

Sugarbeet production in 1999 was 1,113,000 mt, from 27,847 hectares. The government in 1999 supported sugarbeet production through a floor price of HRK200/mt and incentives of HRK2,260/hectare.

The government implemented favorable support policies regarding sugarbeet production during the last few years, resulting in steady growth of production from 1994 through 1999. Despite this, sugarbeet production in 2000 has also been heavily affected by the financial problems of the sugarmills, resulting in a sharp drop of production .

Sugar is currently refined in Croatia at three sugar mills (Virovitica, Zupanja and Osijek), while the Beli Manastir plant is out of operation due to war damage. The Croatian annual sugar consumption is estimated to be 155,000-160,000 mt, and in normal years significant surpluses are produced.

In 2000, about 15,000-16,000 hectares of sugarbeets have been sown. This significant drop in sown area is mainly the result of the government announcing its support policies just a few days prior to the spring sowing campaign, too late to affect planting decision. In addition, farmers had not received their payments for deliveries of 1999-crop sugarbeets. Therefore, depending on the existing sugar reserves, significant quantities of sugar may be imported in 2000/2001. In 2000, the government is supporting

sugarbeet production with a floor price of HRK190/mt and incentive of HRK2,825/hectare.

Table 6. Industrial Crop Production (Harvested Area, Production, Yield)

Crop	1990	1997	1998	1999
Tobacco	10,105 ha	7,274 ha	7,800 ha	8,000 ha
	12,394 mt	11,339 mt	11,600 mt	11,000 mt
	1.23 mt/ha	1.56 mt/ha	1.5 mt/ha	1.4 mt/ha
Sugarbeets	29,872 ha	22,919 ha	30,000 ha	27,847 ha
	1,205,928 mt	931,186 mt	1,184,000 mt	1,113,969 mt
	40.26 mt/ha	40.63 mt/ha	39.46 mt/ha	40.00 mt/ha

Source: State Statistical Bureau

Fruit Production

Croatia has two distinct fruit production areas, the continental part of the country comprising the Pannonian and Central Mountainous Regions, and the Mediterranean area. The enables cultivation of a wide range of continental and subtropical fruits. The total area under orchards is about 70,000 hectares, of which only 6% may be classified as modern orchards.

Table 7. Fruit Production (Bearing Trees, Production)

Fruit	1990	1997	1998	1999
Plums	6,424,000	5,556,000	5,767,000	5,753,266
	31,316 mt	47,117 mt	83,143 mt	38,030 mt
Apples	3,427,000	3,259,000	3,062,000	3,745,299
	69,810 mt	57,541 mt	72,361 mt	66,752 mt
Pears	1,387,000	965,000	1,028,000	
	13,907 mt	9,796 mt	11,556 mt	10,027 mt
Peaches	857,000	658,000	685,000	
	10,696 mt	6,836 mt	8,813 mt	n/a
Cherries	706,787	572,551	584,612	581,637
	7,893 mt	4,715 mt	6,241 mt	6,370 mt
Sour Cherries	1,574,088	848,600	944,177	1,009,718
	13,823 mt	6,023 mt	8,265 mt	8,453 mt
Apricot	163,998	138,831	150,539	150,042
	2,396 mt	833 mt	1,047 mt	1,399 mt
Fig*	n/a	707,000	607,000	579,567
	5,574 mt	5,543 mt	6,127 mt	6,042 mt
Unshiu spp,*	n/a	780,000	790,000	755,884
	7,699 mt	15,740 mt	21,714 mt	18,210 mt
Almond*	n/a	483,000	426,000	n/a
	2,352 mt	2,033 mt	2,138 mt	4,772 mt
Walnut*	502,000	570,000	529,000	n/a
	4,416 mt	3,154 mt	4,700 mt	3,315 mt

Source: State Statistical Bureau

* 1990,1996,1997- Total number of trees

The main fruit crops in the continental part traditionally are plums, apples, peaches, cherries, pears, peaches, hazelnuts, walnuts, and strawberries, while the Mediterranean area is characterized by subtropicals such as figs, olives, almonds, Maraschino cherry, Unshiu clementine and olive. Other fruit such as oranges, lemons, kiwifruit, carob and pomegranate are of minor significance, and are produced along the Adriatic coast.

Due to the extensive nature of production, lack of modern storage facilities and market outlets, fruit production is far from satisfactory, Croatia being a significant fresh fruit importer (\$48,554,231 in 1999.) The major sources are Italy, Spain, Austria, Slovenia and Hungary. Of the total fresh fruit imports in 1999, bananas (about 40%) and oranges (16%) are the most important.

In order to improve the current situation, the government has decided to start implementing orchard establishment subsidies starting in 2000, which range from HRK 7,300 to HRK28,700 per hectare.

Viticulture and Viniculture

Total area of vineyards in 1999 was 55,000 ha, with production of 350,000 mt of grapes, which are primarily processed into wine (about 2,300,000 hl of wine in 1999). Usually, out of the total annual wine production, half enters the market and the rest is domestically consumed. Table grape consumption in Croatia is minimal.

Similarly to fruit production, vineyard production is largely family owned (91%) and extensive (only 15% are modern plantation vineyards).

Wine production is concentrated within 50 large and middle size processing facilities, 30 producer cooperatives, and about 100 larger individual producers, producing about 800 controlled wines. Of these, 300 are table wines, 400 quality wines and 100 premium wines. Out of total wine production, approximately 67% is white, 32% red and 1% rosé. Annual wine consumption is about 40 liters/capita.

The government under its subsidy program initiated in Spring 1999 offers three types of subsidies for vineyards. The first is HRK2,600/ha for existing vineyards on certain Adriatic islands and coastal areas, and a one-time subsidy of HRK40,000/ha for establishment of new vineyards in these same areas. In the continental part of Croatia the subsidy for newly established vineyards is HRK28,000/ha. Besides, the government subsidized production of planting material with HRK1.00/vine graft.

Table 8. Grape & Wine Production

Item	1996	1997	1990	1999
Vineyard area	68,000 ha	53,000 ha	54,000 ha	55,000 ha
Grape production	397,712 mt	406,089 mt	346,974 mt	350,000 mt

Wine production	2,273,000 hl	2,259,000 hl	2,880,000 hl	2,300,000 hl
-----------------	--------------	--------------	--------------	--------------

Source: State Statistical Bureau and Croatian Wine Producers Association

Regarding wine trade, in most years the major suppliers of imported wines are Slovenia (38%), Bosnia and Herzegovina (25%) and Italy (13%). The main export markets for Croatian wines are Germany (36%), Bosnia and Herzegovina (35%) and Slovenia (4%).

Olive Production

Olive production, which is centered on the Adriatic Coast, and is one of the leading tree crops with about 3,100,000 million trees (50% bearing trees), covering about 27,000 ha. The 1999 olive production was a very good one with 35,200 mt of olives from which 4,500 mt of olive oil will be produced.

The marketing year 2000 will be a difficult one for Croatian olive oil producers, since besides the fact that the Croatian olive oil consumption is low (0.5 litres/capita) and large quantities of new olive oil will be produced, they also have large (about 1,000 mt) stocks left from last year.

As with other fruit trees, olive production is mainly extensive, resulting in great production fluctuations (4,089 mt olives in 1990 and 34,000 mt olives in 1995). In order to rehabilitate and modernize olive oil production in Croatia, in 1999 the government supported olive production through a incentive of HRK0.89/kg olives, HRK5/olive planting stock, and HRK18,000-23,900/hectare for establishment of olive orchards.

Table 9. Olive Production (Total Trees, Yield, Production)

Crop	1990	1997	1998	1999
Olives	3,454,000 1.4kg/tree 4,089 mt	3,054,000 3.4 kg/tree 10,405 mt	3,078,015 6.68 kg/tree 20,558 mt	3,045,345 11.6 kg/tree 35,200 mt

Source: State Statistical Bureau

Vegetable Production

In 1999 the total area devoted to vegetables was 118,000 hectares, of which 64,000 hectares was planted to potatoes (production of 517,000 mt) and an additional 54,000 hectares to other vegetables (total production of 505,000 mt).

Similarly to fruit production, vegetable production is also mainly derived from small private farms. The main production areas are central Croatia with around 42%, Slavonia and Baranya regions with 25%, around 10% in the Gorski Kotar region and the rest mainly being situated along the Adriatic coast.

Besides potato, the leading vegetables are cabbage (about 16% of total area under vegetables), onions (11%), beans (11%) and tomatoes (11%).

Table 10. Production of Major Vegetables (Harvested Area, Production)

Crop	1990	1997	1998	1999
Potatoes	77,016 ha 610,236 mt	63,189 ha 620,032 mt	56,500 ha 737,000 mt	64,000 ha 517,000 mt
Beans	8,132 ha 18,437 mt	7,521 ha 20,527 mt	9,232 ha 21,003 mt	n/a 22,291 mt
Cabbage & Kale	10,174 ha 122,045 mt	9,011 ha 134,323 mt	9,256 ha 125,932 mt	9,701 ha 144,018 mt
Tomatoes	5,801 ha 54,742 mt	5,141 ha 48,085 mt	5,777 ha 60,511 mt	6,408 ha 70,816 mt
Onions	7,000 ha 39,925 mt	6,033 ha 43,776 mt	6,578 ha 50,488 mt	6,797 ha 55,633 mt

Source: State Statistical Bureau

Other vegetables, such as carrot, garlic, peas, cucumbers, lentils, watermelons and other melons, usually cover 25,000 ha, with a total production of 175,000 - 180,000 mt.

Table 11. Other Vegetable Production (metric tons)

Crop	1990	1997	1998	1999
Carrots	20,915	19,650	27,169	29,941
Garlic	12,214	9,002	10,321	10,277
Peas (Fresh)	5,935	5,865	9,080	11,450
Paprika (Fresh)	23,238	25,243	28,058	36,813
Cucumbers	20,128	28,576	36,955	37,882
Watermelons and Other Melons	20,938	25,450	60,242	53,437

Source: State Statistical Bureau

Due to the prolonged drought, and the fact that irrigated areas are negligible, it is expected that vegetable production in 2000 will suffer a sharp drop.

Livestock Production

Cattle and Swine

Cattle production is the most important livestock sub-sector in Croatia, and consists of approximately 40% of the total livestock production. At the beginning of 1999 the total number of cattle was 438,000, which is a slight decrease compared to 1998 (442,911 cattle).

Despite government support through subsidies aimed at rehabilitating cattle production, this stagnation of production reflects the difficult position family farmers are regarding lack of cash, loss of traditional markets and high production costs.

The subsector is dominated by the Simmental breed (80%), showing the marked preference of small farmers (owners of about 90% of cattle) for dual purpose dairy and beef cattle. However, with the development of the dairy subsector the number of Holstein cows is increasing.

Total domestic consumption of beef is about 55,000-60,000 mt. Since currently only 30,000 mt beef is produced, the rest is imported in the form of heifers for fattening and as frozen beef.

During the last few years there has been stronger support by the government of milk production. As a result production has steadily grown from 588 million liters in 1995 to 602 million liters in 1999. Total domestic milk consumption is approximately 800 million liters, so about 25% of Croatian milk needs is still covered through imports. Per capita consumption of milk and dairy products amounts to 170 liters, of which 92 liters of fresh milk, 0.60 kg of powdered milk, 7 kg of cheese and 14.65 liters of other dairy products.

Table 12. Raw Milk Production (million liters)

	1990	1997	1998	1999
Cow	889	603	615	602
Sheep	n/a	5.7	6.1	7.4
Goat	n/a	12.5	11.7	11.9
Total	889	621	633	620

Source: State Statistical Bureau

Due to the sharp economic crisis, after a few years of rapid growth, in 1999 the dairy industry experienced a 6.4% drop in production compared to 1998. Currently there are 25 dairy processing plants, of which the leading are the Lura and Vindija companies with around 76% of total output.

Swine production follows cattle production in importance in Croatia, and in 1998 there were 1,361,611 hogs, 80 percent situated on private farms, mainly in the Pannonian and north-western parts of Croatia.

Like cattle production, pig production in 1999 was beset with problems such as delays of several months in payment for pigs delivered to the meatpacking industry, large illegal imports, and extensive imports of heavily subsidized pork, all disrupting the market.

Current annual pork production is about 145,000 mt, while consumption is about 160,000 mt, so Croatia imports significant quantities of live pigs and frozen pork.

Sheep and Goats

In 1999 the total number of sheep in Croatia was 488,000, concentrated mainly in the hilly regions of central and southern Croatia. Farmers mainly use the local Pramenka breed, which is primarily kept for production of lamb. The annual Croatian mutton production is about 5,000 mt with consumption at about 5,000-6,000 mt.

The ban on goat production was lifted in the 1980's and highly productive goat breeds were imported by the Croatian dairy industries. As a result of this process, in 1999 there were about 120,000 goats.

Poultry

In 1999, the total number of poultry was 10.9 million. Statistical data are not collected for separate categories, but it is estimated that 92-94% of the total are chicken, with 2% ducks, 2% turkeys and 3% geese. Out of this total, the number of commercial layers is estimated at 1,200,000 with egg production of 818 million eggs.

The commercial poultry sector is based on imported hybrids and a mix of degenerate hybrids and traditional breeds for farmyard production. Poultry production is very intensive within the ex-state-owned farms (about 50% of total production), and extensive on small private farms. However, since 1990 a growing number of smaller modern farm operations have been set up.

Table 13. Livestock Inventories (head)

	1990	1997	1998	1999
Cattle (Total)	830,000	451,000	443,000	438,000
Cows and Pregnant Heifers	492,000	304,000	300,000	296,000
Pigs (Total)	1,573,000	1,176,000	1,166,000	1,362,000
Sows and First-farrow Sows	227,000	180,000	181,000	198,000
Sheep	751,000	453,000	427,000	488,000
Poultry	17,102,000	10,945,000	9,959,000	10,871,000

Fisheries

Marine fishing consists mainly of pelagic fish (75-80%), the rest being demersal fish and cephalopods. The sardine (*Sardine pilchardus*) is considered the most important fish species, since 80-85% of the total pelagic fish catch is sardines. As well, 80-85% of canned fish processed is sardine. The 1999 sardine catch was about 8,000-9,000 mt, and the sardine stock has still not returned to previous levels.

Croatia has a well developed fish-canning industry, with 11,931 mt of canned fish produced in 1998, of which 11,122 mt was exported. The main export markets are neighboring Austria, Slovak Republic, Bosnia and Herzegovina, and the Former Yugoslav Republic of Macedonia. Other, higher quality fish are mainly exported fresh to Italy. Annual consumption of marine fish is estimated to be about 10 kg/capita.

During the last few years, Croatian fishermen have developed a significant export of tuna to Japan (639 mt in 1998), since it is appreciated there for its high quality. The ICCAT quota for Croatia in 1999 was set at 950 mt, and the quota for 2000 is set at 876 mt.

In order to support marine fisheries, the government in 1999 allocated HRK20 million for subsidies of HRK0.40/kg for pelagic fish and HRK3.30/kg for all other fish and seafood. However, fishermen were not satisfied with this support, and throughout 1999 demanded that the government provide them with subsidized fuel instead, without success.

Table 14. Marine Fish Catch (metric tons)

Type of Catch	1990	1996	1997
Total	34,901	15,364	17,347
Pelagic Fish	26,440	11,322	10,071
Demersal Fish	6,049	4,189	4,445
Other*	2,412	1,836	2,336

Source - State Statistical Bureau

* Cephalopods, Crustaceans, Shellfish

As part of its National Program for Rehabilitation and Development of Islands the government in 1998 provided incentives to canneries of HRK3.5/ kg and HRK3.0/kg for canned fish produced at island and mainland fish processing facilities, respectively. Also, the government provided a HRK 1.49/liter Diesel fuel subsidy to registered professional fishermen.

Freshwater Fish

Despite the lack of large lakes and regulation of rivers which has caused fishing on inland waters nearly to disappear, Croatia has well developed freshwater fish production (3,205 mt in 1998) from 9,124 ha of commercial fishponds. The main species are carp and trout.

Carp production is centered on large fishponds, covering from several hundred to more than a thousand hectares, located mainly in Slavonia. Since 1991, due to the loss of traditional markets in other ex-Yugoslav markets, lack of investments in production and processing, as well as the drop in domestic consumption, carp production dropped from 9,313 mt in 1990 to 2,229 mt in 1998.

Trout production is centered in the clean, cold-water rivers of the Central Mountain area and rivers belonging to the Adriatic Basin. In 1998, trout production amounted to 296 mt, from 2,819 hectares of fishponds.

Table 15. Freshwater Fish Catch (metric tons)

	1990	1997	1998
Total	11,816	3,640	3,205
Carp	9,313	2,607	2,299
Pike	61	42	18
Sheat-fish	139	55	53
Perch	71	20	5
Trout	827	453	296
Other Fish	1,405	463	534

Source:- State Statistical Bureau

Agricultural Policy

Tariffs

The Republic of Croatia adopted the Law on Custom Tariffs in June 1996, covering basic issues of domestic production protection. The current customs tariff consists of an *ad valorem* duty for all products, and for almost all agricultural and food products of an additional specific duty.

However one of the prerequisites for the expected Croatian WTO membership was a lowering of the high level of customs tariff protection of Croatian agriculture. As a result it is expected that import tariffs on agricultural products should to an average of 15% following a five-year transition period.

It is expected that the new Law on Custom Tariffs stipulating these changes will be approved by the Croatian Parliament by September 2000.

Incentives and Subsidies

In 1999 the government set aside HRK 1.12 billion for its program of subsidies and incentives, or about 4.3% of the total budget for 1999. Despite an increase in allocation, the main characteristic, as in previous years, was the prolonged delay in payment of incentives by the government and food industry to farmers. Illustrative is the fact that prior to the Spring 2000 sowing season the debt owed to farmers for subsidies and crops delivered to processors and elevators during 1999 reached HRK 330 million.

Table 16. Incentives and Subsidies (HRK)

INCENTIVES	1997	%	1998	%	1999	%
Crop Production	159,480,000	27.58	181,382,700	24.95	440,898,600	39.33
Livestock Production	236,780,036	40.96	365,873,536	50.32	472,876,036	42.18
Marine aquaculture	9,100,000	1.57	9,100,000	1.25	11,750,000	1.05
Freshwater aquaculture	11,664,000	2.02	9,825,000	1.35	10,625,000	0.95
Total Incentives	417,024,036	72.13	566,181,236	77.88	936,149,536	83.51
SUBSIDIES						
Certified Seed	31,703,168	5.49	33,331,248	4.58	43,355,752	3.87
NPK Fertilizers	75,000,000	12.97	80,000,000	11.00	Discontinued	
Sardine Cans	39,500,000	6.83	35,100,000	4.83	32,540,000	2.90
Diesel Oil (D-2)	14,900,000	2.58	11,920,000	1.64	Discontinued	
Lavender Oil			500,000	0.07	720,000	0.06
Total Subsidies	161,103,168	27.87	160,851,248	22.12	76,615,752	6.80
Obligations carried over from 1998					108,275,000	9.61
GRAND TOTAL	578,127,204	100	727,032,484	100	1,121,040,388	100

Otherwise, the main difference compared with previous practices are: incentive/hectare; selective payment regarding livestock; one time incentive for planting of new orchards and vineyards; greater emphasis on supporting agricultural production in the previously occupied areas.

Due to the political change in leadership of the government, there was a delay in the formulation of the government budget for 2000, which was accepted March 23, 2000. Within the government budget for 2000, 4.3% has been allocated for agriculture amounting to HRK1.73 billion. This is a 10% increase compared to 1999. However, the largest part of the allocation, some HRK 1.39 billion, will be used under the Incentive Program, representing a 25% increase compared to 1999.

In line with budgetary increases, the government has approved new subsidies for corn production, procurement of heifers, and pig fattening. Subsidies for crops such as wheat (30%), oil crops (35%), barley (100%), malting barley, sugarbeets and rye (25%), tobacco (20%) have increased.

The expected WTO accession will have a special impact on the agricultural sector, given that 80% of agricultural production comes from small farms mostly owned by cash-strapped farmers, and economic difficulties are shaking the Croatian food industry. Besides the expectation that farm sector structural changes will be accelerated under the new government, the food industry will face stiff foreign competition. On the positive side, WTO accession should stimulate badly needed foreign investment in the food processing sector.

Table 17. Incentives 1999-2000

Crop	1999	2000
Sugarbeets	2260 HRK/Hectare	2,825 HRK/Hectare
Sunflower	1,270 HRK/Hectare	1,714 HRK/Hectare
Soybeans	1,170 HRK/Hectare	1,579 HRK/Hectare
Rapeseed	1,100 HRK/Hectare	1,485 HRK/Hectare
Wheat	1,050 HRK/Hectare	1,365 HRL/Hectare
Rye	1,200 HRK/hectare	1,500 HRK/Hectare
Tobacco	4.00 HRK/kg	4.80 HRK/kg
Malting Barley	1,200 HRK/Hectare	1,500 HRK/Hectare
Barley	500 HRK/Hectare	1,000 HRK/Hectare
New subsidies		
Corn	/	800 HRK/Hectare
Calve Procurement	/	660 HRK/Head
Piglet fattening	/	80-130 HRK/Piglet

Floor Prices

As in previous years, in 1999 the government announced floor prices for agricultural products it deemed strategic. Its practice in the past of buying large quantities of agricultural produce for the State Reserve stocks has acted as a regulatory mechanism on the local market.

Wheat presents the best example of the government floor price policies in 1999. The announcement of HRK0.75/kg provoked the first mass and prolonged farmers' protests in Croatian history. In order to pressure the government into offering a better floor price for wheat, during June 1999 farmers blocked highways in northern and eastern Croatia. After protracted negotiations the government buckled to demands, raising the floor price to 1.00 HRK/kg. According to the July 1, 2000 agreement between farmers' representatives and government, this was to be paid in two parts, HRK0.75/kg when the wheat is delivered in and the rest (HRK0.25/kg) when the government sells its wheat stocks. However, the result was same as in many other cases, with the farmers being finally paid just prior to the autumn wheat sowing season, and only after they threatened to block roads in half of Croatia again.

Table 18. Floor Price Regime

	2000	1999
Wheat	(small farms) 0.92 HRK/kg (large farms) 0.75 HRK/kg	0.75 HRK/kg
Rapeseed	1.54 HRK/kg	1.7 HRK/kg
Soybeans	1.53 HRK/kg	1.7 HRK/kg
Sunflower	1.61 HRK/kg	1.8 HRK/kg
Sugarbeets	190 HRK/mt	200 HRK/mt
Tobacco	8.00 HRK/kg	8.00 HRK/kg

However, it seems that there is still a long way to go regarding the introduction of free market mechanisms in agricultural production in Croatia, since most farmers still tend to rely on the government floor price policy for planting decisions, and on the state as their intended buyer of produce. The new government, after announcing a new wheat floor price, was faced with farmers threats of blocking major highways again. As a result, the government increased the wheat floor price to HRK0.92/kg.

Agricultural Inputs

Seed

Research institutions in Zagreb, Krizevci and Osijek are involved in research and development of seed. The use of certified seed and plant material ranges from a low 14-15% for potato to 55% for wheat, 95% for corn and 100% for oilseed crops. The share of domestic and foreign hybrids varies, with about 90% of wheat seed, 60% of corn seed, 50% sunflower seed, 80% of barley seed, 10% of sugarbeet seed and a majority of soybean seed being Croatian varieties. Rapeseed production is mainly based on French seed stock.

Table 19. Import of Planting Material

	1999	1998	1997
Import	10,393,223	10,243,731	11,012,138
Exports	4,520,395	7,909,973	5,066,813

The leading seed material imported in 1999 was corn (\$580,383), sugarbeet seed (\$1,248,943),

sunflower seed (\$524,847) and vegetable seed (\$1,801,348).

Agricultural Chemicals

Total use of plant protectants in 1999 was about 9,000 mt active ingredient basis, with sales of about HRK 410 million.

In 1999, roughly 600 plant protectants based on approximately 260 active ingredients were registered for use in Croatia. Out of this, 195 were herbicides, 192 fungicides, and 193 insecticides and other pesticides. Out of the total pesticides used, 12% was used on vegetable protection, 32% on corn, 10% on sugarbeets, 13% on wheat, 3% on oilseed crops, 9% on fruits, and 14% on wine grapes.

Fertilizer

The only Croatian fertilizer plant, Petrokemija-Kutina, has a capacity of 1.47 million mt of various fertilizers. Production in 1999 was 1,138,771 mt. Since the Croatian market is very limited, the company exports about 60% of its production (629,490 mt fertilizer in 1999), mostly to neighboring countries.

In 1999 the government decided to discontinue its fertilizer subsidy policies. Also, due to liquidity problems, the Petrokemija-Kutina plant was close to shutting down production just on the verge of the 1999 spring sowing season.

Agricultural Machinery

The Croatian agricultural machinery park in 1991 consisted of about 96,972 single-axle tractors of an average 5.4 kW and 186,124 double-axle tractors. Based on these figures, Croatia had 7.11 ha/tractor or 5.55 ha/tractor of agricultural and crop land respectively, giving the impression that it had a extremely well equipped farming community.

However, the truth is quite opposite, if we take in account that according to the 1991 census there were 534,266 farming families, which brings us to 1.89 farm/tractor, usually older then 20 years. During the war about 25,000-30,000 tractors were lost. The current level of mechanization will be established by the forecoming population census in 2001.

A positive development in 1999 regarding farm machinery was the creation of the first cooperative machinery pooling system, stemming from the fact that the average Croatian farmer is currently cash strapped, with production based on a small farm (average farm size about 3 ha), so that the economic feasibility of using high-priced machinery under such circumstances is questionable.

Food and Beverage Processing Industry

Table 20. Indices of Production in 1999/1998

	1999/1998
Food and Beverage Production	93.0
Production, processing and preservation of meat	95.1
Processing and preservation of fish	80.6
Processing and preservation of fruits and vegetables	84.2
Production of vegetable and animal fats and oils	92.6
Production of dairy products	93.6
Production of milling industry and starch	101.2
Production of livestock feed	92.3
Production of other food products	94.2
Beverage production	91.7
Production of tobacco products	110.2

Source: State Statistical Bureau

Table 21. Manufacture of Food Products, Beverages and Tobacco Products

	1997	1998	1999
Fresh and frozen meat and offals (mt)	117,238	104,720	98,408
Smoked, salted and dried meat (mt)	7,235	7,035	6,703
Sausages (mt)	36,554	33,938	31,867
Other meat products (mt)	25,897	26,672	28,747
Fish processed products (mt)	14,848	14,676	12,245
Fruit and vegetable juices (hl)	324,846	451,438	375,835
Other fruit and vegetable products (mt)	22,324	28,545	23,468
Refined oils and fats (mt)	41,288	45,104	41,526
Margarine (mt)	14,676	15,370	16,124
Dry milk powder (mt)	2,737	3,963	464
Butter (mt)	2,569	2,413	1,723
Cheese (mt)	18,698	18,540	18,229
Wheat flour (mt)	305,263	297,643	296,544
Bakery products (mt)	159,756	143,823	128,698
Sugar (mt)	141,380	139,207	113,966
Biscuits and chocolate confectionery (mt)	45,065	45,598	44,692
Pasta (mt)	7,145	7,290	5,994
Food seasonings (mt)	25,347	24,055	22,476
Baby food (mt)	4,611	4,438	3,960
Soups of vegetables and meat, soup preparations (mt)	4,771	4,606	4,393
Yeast s (mt)	12,791	12,367	12,912
Spirits (hl)	261,885	242,025	208,483
Beer (hl)	3,606,546	3,759,435	3,662,853
Soft drinks (hl)	3,487,212	4,029,808	3,887,888
Cigarettes (000,000 pcs)	11,416	11,987	12,785
Fermented tobacco (mt)	12,025	9,026	11,816

Livestock feed (mt)	468,449	528,347	486,331
---------------------	---------	---------	---------

Source: State Statistical Bureau

The Croatian food and beverage industry in 1999 saw a 7% drop in total volume of production compared with 1998. The processing and canning industries underwent the greatest fall, reducing their output by 20%, while the only industrial segment expressing significant growth was the tobacco processing industry, by 10%. This trend reflects the looming economic crisis. The key problems in the food industry are insolvency, considerable excess capacity, loss of traditional markets, lack of investment funds with which to finance development and expansion of business, and constrained access to as well as the high cost of working capital.

Agricultural Trade

In 1999 Croatia imports reached \$696.27 million, while exports reached \$418.37 million. Imports showed an 18.2% drop compared to 1998, while exports had a 20.9% drop compared to 1998. This situation essentially reflects the economic crisis in Croatia.

Table 22. Agricultural Trade (in dollars)

Product	Imports (\$)			Exports (\$)		
	1998	1999	Indices 99/98	1998	1999	Indices 99/98
Total Agriculture and Food Industry	850,726,425	696,269,702	81.8	528,855,983	418,373,159	79.1
01 Live Animals	40,415,099	29,519,968	73.0	2,973,673	1,931,113	64.9
02 Meat & Abattoirs Products	55,426,663	35,746,178	64.5	15,785,152	9,659,967	61.2
03 Fish, Crustacean, Cephalopods	23,999,013	21,868,961	91.1	21,205,954	19,218,803	90.6
04 Milk, Dairy Products, Eggs, Honey	59,602,068	41,660,339	69.9	43,662,533	25,963,909	59.5
05 Other Livestock Products	10,592,262	11,495,908	108.5	6,727,087	7,433,263	110.5
06 Plants, Bulbs, Flowers	17,229,364	15,862,357	92.1	202,404	297,034	146.8
07 Vegetables, Edible Tubers, Roots	39,153,056	32,206,515	82.3	3,236,943	2,767,035	85.5
08 Fruits, Melon and Citrus Rinds	66,693,852	61,023,934	91.5	4,775,593	3,600,907	75.4
09 Coffee, Tea, Spices	62,613,366	50,743,867	81.0	7,720,557	4,924,705	63.8
10 Cereals	16,200,108	12,497,512	77.1	21,108,584	10,732,331	50.8
11 Milling Industry Products, Malt, Starch	16,611,449	14,888,407	89.6	5,072,192	4,741,875	93.5
12 Oil Seed and Fruit, Medicinal Plants	39,850,618	22,266,366	55.9	9,602,583	8,188,540	85.3
13 Rubbers, Resins, Etc,	2,413,295	2,005,280	83.1	55,107	89,026	161.6
14 Weaving Plant Material	474,198	396,443	83.6	94,747	82,238	86.8
15 Fats and Oils (Animal & Plant)	38,721,085	23,255,689	60.1	24,999,288	16,095,685	64.4
16 Meat, Fish, Products	33,983,725	24,400,524	71.8	60,342,187	44,463,445	73.7
17 Sugar & Sugar Confectionery	19,057,232	15,869,293	83.3	6,170,733	5,299,813	85.9
18 Cocoa & Cocoa Confectionery	26,862,740	25,204,576	93.8	21,160,413	17,708,252	83.7
19 Products derived from Cereals &	42,030,737	39,862,530	94.8	32,823,050	27,920,734	85.1

	Starch						
20	Fruit & Vegetable Products	45,183,165	39,925,710	88.4	15,994,759	11,947,442	74.7
21	Miscellaneous Food Products	70,200,106	67,120,535	95.6	89,491,589	78,422,796	87.6
22	Beverages, Alcohol, Vinegar	45,702,554	37,883,963	82.9	71,220,171	52,083,792	73.1
23	Animal Feed	54,567,249	46,173,447	84.6	23,225,072	13,894,134	59.8
24	Tobacco & Tobacco Substitutes	23,143,421	24,391,400	105.4	41,205,612	50,906,320	123.5

Source: State Statistical Bureau

In general, the most important factor influencing Croatia's agricultural trade in the future will be the expected 2000 WTO membership which will, due to lowered custom tariffs, bring an initial rise in imports. However, in the medium term this will bring access to much needed new markets for Croatian agricultural products.

As in previous years, the main suppliers of agricultural products to Croatia are Italy, Slovenia, Germany, Austria, Hungary, Poland, and the Netherlands, while the main export markets for Croatian agricultural products are Bosnia and Herzegovina, Slovenia, Italy, Germany and Poland.

Croatian industrial and agricultural products could in the future enjoy easier access to the EU market, if the EU accepts a proposal to introduce asymmetrical trade liberalization for certain southeastern European countries. These asymmetric trade measures could be approved by the EU as early as September, or latest at the beginning of 2001, and would last for next 2 years.

Table 23. Croatian Agricultural Imports and Exports to the EU (million dollars)

	1999	1998	1997
Imports	313	373	447
Exports	67	72	96

Source: State Statistical Office

In 1999 agricultural imports from the United States amounted to \$14,472,144, and Croatian agricultural exports to the U.S. totalled \$7,862,801.

Traditional U.S. export items present on the Croatian market in the past years were oilseed crops (soybeans, soybean meal, sunflower oil and seed), tobacco for blending, meat, frozen shellfish (cephalopods), wheat, beans, pet-food, almonds, pistachios, and cotton.

Table 24. Croatian/U.S. Agricultural Trade (dollars)

	1997	1998	1999
U.S. Exports	10,892,965	7,665,967	14,472,144
U.S. Imports	30,389,938	33,484,382	7,862,801

Source: State Statistical Bureau

Exchange rate: Croatian kuna (HRK) 8.05 = \$1.00